

# Indiana House of Representatives

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## News and Information

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### **REP. JOE MICON'S STATEHOUSE REPORT**

INDIANAPOLIS – We are into the second month of the 2005 legislative session, and we have received our first look at the new two-year state budget. While the process of finalizing a budget will stretch into late April, I have some concerns about details of the initial plan released by the majority party.

At first glance, the proposal seems to guarantee local property tax increases and cuts funding for schools and health care. At first glance, I believe this is a proposal that needs significant work.

I am worried that the proposed budget provides no minimum guarantee in funding for schools. According to House Democratic analysis, it does not fully fund education deficiency payments, obligations to retired teachers or shortfalls in textbook reimbursements.

By failing to include a minimum guarantee in state support for local schools, the budget forces officials to make the choice between cutting programs or seeking property tax increases to provide additional dollars. Without a minimum guarantee, many of the state's 293 school corporations will lose funding. Larger class sizes and fewer resources will be the inevitable result of this funding disparity.

The proposal provides only a 3 percent increase in Medicaid funding at a time when Medicaid costs have been projected to grow by 10 percent and Governor Daniels has requested a 5 percent funding increase for the program. It is obvious a 3 percent increase cannot meet the needs of our state.

By the estimate of our analysis, the proposed budget will require at least \$300 million in property tax increases. The plan places a cap on Property Tax Replacement Credits without providing other funding sources for property tax relief. It would withhold those credits from counties that are behind in juvenile offender payments, a provision that will cost taxpayers statewide around \$80 million.

It is important to note we are still in the very early stages of crafting a two-year budget. In the weeks to come, I will fight to make sure that the state budget does not raise taxes, but does provide schools a realistic funding mechanism while giving support to those most in need.

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